

## Message Text

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16

ACTION EA-14

INFO OCT-01 ADP-00 EUR-25 INT-08 EB-11 COME-00 SAJ-01

SCEM-02 AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15

STR-08 OMB-01 CEA-02 NIC-01 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 PA-03 PRS-01 USIA-12 RSR-01

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R 160602 Z MAY 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 6971

INFO USLO PEKING

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EO 11652: GDS

TAGS: ENGR CH

SUBJ: US OIL MISSION TO PRC

SUMMARY CHINESE ARE INTERESTED IN DEVELOPING THEIR OIL RESOURCES AND SEVERAL US OIL COMPANY REPRESENTATIVES HAVE BEEN INVITED TO THE SPRING CANTON TRADE FAIR. ACTION: CONGEN RECOMMENDS THAT DEPT SEEK PRC INVITATION FOR VISIT OF US OIL DELEGATION TO CHINA. END SUMMARY

1. PRC HAS EVIDENCED GROWING INTEREST IN DEVELOPING ITS PETROLEUM RESOURCES. REPRESENTATIVES OF SEVERAL US OIL COMPANIES, INCLUDING CONTINENTAL, MOBIL, CALTEX, EXXON AND BAKER, HAVE BEEN INVITED TO THE RECENT CANTON TRADE FAIR. PRC OFFICIALS AT THE FAIR DISCUSSED SEISMIC EXPLORATION, IMPROVED MANAGEMENT AND EXPLOITATION OF OIL FIELDS AND PETRO- CHEMICALS. ACCORDING TO ROY C HACKLEY, VP OF CONTINENTAL OIL, CHINESE DID NOT DISCUSS DEVELOPMENT OF OFFSHORE OIL RESOURCES. HOWEVER, J RAY PACE, PRES OF BAKER TRADING COMPANY, HOUSTON, REPORTEDLY HAS BEEN INVITED TO PEKING TO CONTINUE TALKS ABOUT SALES OF OIL TOOLS

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AND OTHER EQUIPMENT.

2. RECENT VISIT CANADIAN OIL DELEGATION ( HK 4541) IS FURTHER INDICATION CHINESE INTEREST IN OIL, AS IS RUMORED FRENCH OIL COMPANY NEGOTIATIONS FOR US\$250 MILLION CONTRACT TO IMPROVE YIELD OF TACHING OIL FIELDS.

3. BECAUSE OF PRC' S GROWING INTEREST IN OIL, CONGEN RECOMMENDS THAT DEPT PROPOSE VISIT OF TOP- LEVEL US OIL COMPANY EXECUTIVES TO PEKING. DELEGATION SHOULD INCLUDE US OIL COMPANIES EXPERIENCED IN OFFSHORE DRILLING TECHNIQUES. REPRESENTATIVES OF US OIL COMPANIES IN HONG KONG ARE EXTREMELY INTERESTED IN SUCH A VISIT. HACKLEY HAS ALREADY MADE SIMILAR RECOMMENDATION TO CONTINENTAL OIL. CONGEN BELIEVES CHINA' S GROWING FOREIGN EXCHANGE REQUIREMENT MAKE PRC INCREASINGLY INTERESTED IN EXPLOITING OIL RESOURCES TO BUILD UP PETRO- CHEMICAL INDUSTRIES AND FOR EXPORT OF CRUDE OIL.  
OSBORN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**TAGS:** ENRG, CH  
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